



State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

Department of
Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
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Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Petra Rust
Richard W. Sprott
David K. Stevens, Ph.D.
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

**DRINKING WATER BOARD
TELECONFERENCE MEETING**

OCTOBER 15, 2008
Time: 2:00 p.m.

Place: Division of Drinking Water
150 North 1950 West
Main Conference Room (1st Floor)
Salt Lake City, Utah 84116
Ken Bousfield's Cell Phone #: (801) 674-2557

Teleconference Phone # to call in on: (866) 258-0959
After calling in, you will be asked to enter #: *4834001*

1. Call to Order – Chairman Erickson
2. Roll Call – Ken Bousfield
3. Introductions – Chairman Erickson
4. SRF Application
 - a) Canyon Meadow Mutual Water Company – Emergency Funding Request – Rich Peterson
5. Next Board Meeting
Date: November 12, 2008
Time: 12:00 p.m.
Place: 168 North 1950 West, Room 101
Salt Lake City, Utah 84116
6. Other
7. Adjourn

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Brooke Baker, Office of Human Resources at: (801) 536-4412, TDD (801) 536-4424, at least five working days prior to the scheduled meeting.

**DRINKING WATER BOARD
BOARD PACKET FOR EMERGENCY CONSTRUCTION LOAN
INTRODUCTION TO DWB**

APPLICANT'S REQUEST

Canyon Meadows Mutual Water System is a “privately owned” public water system. Their main transmission line from their sole drinking water source has recently plugged with calcium clay deposits. They are in the need of an emergency loan to replace it before the winter season. The estimated cost of the project is \$550,000. They have already spent \$31,000 trying to repair the line without success. The applicant would like to include that in the project cost, bringing the total to \$581,000.

An alternative option they are considering is drilling a new well. Their board will meet tomorrow evening to discuss this possibility. The cost is estimated to be \$300,000, but will take longer to complete. They have been out of water for 3 weeks.

STAFF COMMENTS AND RECOMMENDATION

There are 84 lots. Houses have been built on 25 of the lots (with 24 of them being full time residents). One lot owner has a service line to his vacant lot. Another service line supplies water to a community building. The cost to repay the loan will be spread out over the entire 84 lots. Comparing the MAGI of the neighboring communities, their MAGI is estimated to be \$40,000. Their “after project” water bill is estimated to be approximately \$69.82 per month per lot (or 2.09% of local MAGI). A financial analysis and repayment schedule are included in the packet. System Rating is “APPROVED”.

The SRF Conservation Committee recommends that the Board authorize an 18% grant package up to \$550,000 total project cost (for either the new well or transmission line replacement). For example, if the cost of the project is \$550,000, the funding would include a construction loan of \$450,000 at 2.67% for 20 years and a \$100,000 grant. If the project costs less than the estimated amount, the amounts of loan and grant would be reduced on a pro rata basis. The loan origination fee will be 1.0% (or \$4,500 in the example above). Conditions include (1) that before construction begins, the applicant investigate and proceed in cleaning the pipe using a procedure called “poly pig”; (2) that they resolve the appropriate issues on their compliance report, and (3) that all legal issues be resolved to the satisfaction of staff and legal counsel.

APPLICANT'S LOCATION:

Canyon Meadows Mutual Water Company is located in Wasatch County approximately 15 miles south of Heber City.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Replacement of existing 14,200 feet of 6" transmission line. The existing transmission line is clogged with calcium clay deposits and as of September 23, 2008 is no longer functional. Repair work began on September 23, 2008 and no progress has been made in allowing sufficient flow through the pipe. Approximately \$31,000 has been spent to date, and multiple blockages and breaks have been encountered in the pipe. After consultation with the Utah Rural Water Association of Utah and various plumbers they came to the realization that the best fix is going to be to reinstall the pipe.

POPULATION GROWTH:

From their application, the system currently has 27 connections. Full build out is 84 connections. The debt service will be spread out over the full 84 home owners. Growth is expected as follows:

<u>Year</u>	<u>Current</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Population	70	84	130	210
Connections	27	32	50	84

IMPLEMENTATION SCHEDULE:

(Estimate of completion dates for major milestones)

Apply to DWB for Funding	10 October 2008
DWB Funding Authorization	October 2008
Complete Design	October 2008
Advertise for Bids	October 2008
Bid Opening	October 2008
Loan Closing	November 2008
Begin Construction	November 2008
Complete Construction	November 2009
Receive DDW Operating Permit	November 2009

COST ESTIMATE:

Construction:	\$531,000
Contingency, Engineering, Legal:	\$50,000
Total Capital Cost:	\$581,000

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (3.69%, 20-yr)	\$550,000	94.7%
Local Contribution	\$31,000	5.3%
Total Amount:	\$581,000	100.00

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	\$33,711
Existing Debt Service:	\$0
DDW Debt Service (2.67%, 20yrs):	\$29,332
DDW 10% Coverage:	\$2,933
DDW 15% Partial Coverage:	\$4,400
Depreciation (est.):	\$2,000
5% Replacement Reserve:	n/a
Total Annual Cost:	\$837.81
Monthly Cost / ERU:	\$69.82
Cost as % of MAGI:	2.09%

CONTACT INFORMATION:

APPLICANT: Canyon Meadows Mutual Water Company
8827 Lupine Dr
Provo, UT 84604
801-921-3737

PRESIDING OFFICIAL &
CONTACT PERSON: David Curtis, President
8911 S Meadow Dr
Provo, UT 84604
801-802-0328

CONSULTING ENGINEER: Francis Smith, P.E.
Francis Smith Engineering
PO Box 460, 136 South Main
Heber City, UT 84032
435-654-1600

TREASURER: Jerry Gagon
801-426-8450

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Canyon Meadows

FUNDING SOURCE: HGA

COUNTY: Wasatch

PROJECT DESCRIPTION: replace 2.5 mile transmission line

81.8 % Loan & 18.2 % Grant

ESTIMATED POPULATION:	70	NO. OF CONNECTIONS:	84	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$27.45 *			PROJECT TOTAL:	\$581,000
CURRENT % OF AGI:	0.82%	FINANCIAL PTS:	55	LOAN AMOUNT:	\$450,000
ESTIMATED MEDIAN AGI:	\$40,000			GRANT AMOUNT:	\$100,000
STATE AGI:	\$36,960			TOTAL REQUEST:	\$550,000
SYSTEM % OF STATE AGI:	108%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 5.56%		AFTER REPAYMENT PENALTY & POINTS 2.67%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	5.56%		2.67%
REQUIRED DEBT SERVICE:	\$22,500.00	\$37,843.37		\$29,331.78
*PARTIAL COVERAGE (15%):	\$3,375.00	\$5,676.51		\$4,399.77
*ADD. COVERAGE AND RESERVE (10%):	\$2,250.00	\$3,784.34		\$2,933.18
ANNUAL DEBT PER CONNECTION:	\$334.82	\$563.15		\$436.48
O & M + FUNDED DEPRECIATION:	\$33,711.00	\$33,711.00		\$33,711.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
NEEDED SYSTEM INCOME:	\$33,711.00	\$33,711.00		\$33,711.00
ANNUAL O&M PER CONNECTION:	\$401.32	\$401.32		\$401.32
AVG MONTHLY WATER BILL:	\$61.35	\$80.37		\$69.82
% OF ADJUSTED GROSS INCOME:	1.84%	2.41%		2.09%

* Current water bill is based on 2007 Revenue & number of connections

Canyon Meadows

PROPOSED BOND REPAYMENT SCHEDULE

81.8 % Loan & 18.2 % Grant

PRINCIPAL	\$450,000.00	ANTICIPATED CLOSING DATE	24-Oct-08
INTEREST	2.67%	P&I PAYMT DUE	01-Jan-10
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$29,331.78	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2009	\$450,000.00		\$2,236.13 *	\$0.00	\$2,236.13	\$450,000.00	0
2010	\$450,000.00		\$29,015.00	\$17,000.00	\$12,015.00	\$433,000.00	1
2011	\$433,000.00		\$29,561.10	\$18,000.00	\$11,561.10	\$415,000.00	2
2012	\$415,000.00		\$29,080.50	\$18,000.00	\$11,080.50	\$397,000.00	3
2013	\$397,000.00		\$29,599.90	\$19,000.00	\$10,599.90	\$378,000.00	4
2014	\$378,000.00		\$29,092.60	\$19,000.00	\$10,092.60	\$359,000.00	5
2015	\$359,000.00		\$29,585.30	\$20,000.00	\$9,585.30	\$339,000.00	6
2016	\$339,000.00		\$29,051.30	\$20,000.00	\$9,051.30	\$319,000.00	7
2017	\$319,000.00		\$29,517.30	\$21,000.00	\$8,517.30	\$298,000.00	8
2018	\$298,000.00		\$28,956.60	\$21,000.00	\$7,956.60	\$277,000.00	9
2019	\$277,000.00		\$29,395.90	\$22,000.00	\$7,395.90	\$255,000.00	10
2020	\$255,000.00		\$29,808.50	\$23,000.00	\$6,808.50	\$232,000.00	11
2021	\$232,000.00		\$29,194.40	\$23,000.00	\$6,194.40	\$209,000.00	12
2022	\$209,000.00		\$29,580.30	\$24,000.00	\$5,580.30	\$185,000.00	13
2023	\$185,000.00		\$28,939.50	\$24,000.00	\$4,939.50	\$161,000.00	14
2024	\$161,000.00		\$29,298.70	\$25,000.00	\$4,298.70	\$136,000.00	15
2025	\$136,000.00		\$29,631.20	\$26,000.00	\$3,631.20	\$110,000.00	16
2026	\$110,000.00		\$28,937.00	\$26,000.00	\$2,937.00	\$84,000.00	17
2027	\$84,000.00		\$29,242.80	\$27,000.00	\$2,242.80	\$57,000.00	18
2028	\$57,000.00		\$29,521.90	\$28,000.00	\$1,521.90	\$29,000.00	19
2029	\$29,000.00		\$29,774.30	\$29,000.00	\$774.30	\$0.00	20
			\$589,020.23	\$450,000.00	\$139,020.23		

*Interest Only Payment

**26069 Canyon Meadows
Compliance Report
October 13, 2008**

Administration:

Missing Cross Connection Program
Operator missing distribution certification (small system)

Operator Certification:

No issues

Bacteriological Information:

No issues

Chemical Monitoring:

No issues

Lead/Copper:

No issues

Consumer Confidence Report:

Past due on 2007 report

Physical Facilities:

Lacks 20% of required source capacity (dated 2004 ?)

Drinking Water Source Protection:

No issues. An updated source protection plan will be due December 31, 2009.

Plan Review:

Last plans received were in 1997